

TESTIMONY OF

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WASHINGTON DC**

REGARDING

“OVERSIGHT HEARING ON THE FOOD STAMP PROGRAM”

BEFORE THE

**SUBCOMMITTEE ON DEPARTMENT OPERATIONS, OVERSIGHT, NUTRITION
AND FORESTRY**

OF THE

**COMMITTEE ON AGRICULTURE
U.S. HOUSE OF REPRESENTATIVES**

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Good afternoon Mr. Chairman, Ranking Member Clayton, Members of the Committee and guests. On behalf of AARP, thank you for this opportunity to present the views of the Association regarding reauthorization of the Food Stamp program (FSP). I am Claryce H. Nelson, AARP Washington D.C. State Coordinator for Consumer Issues. AARP applauds the Committee's timely efforts to review the Food Stamp Program and related nutrition programs before the current authorization expires next year. Early Committee action is essential if careful consideration is to be given to the numerous issues that have arisen since the last reauthorization.

A 2000 GAO report noted that about 1.6 million to 2 million households with individuals age 60 and older lacked enough of the right types of food needed to maintain their health or simply did not have enough to eat. It further noted that, in some cases, older persons are forced to choose between buying food or paying for medicine, utilities, or other needed items. Approximately 500,000 to 600,000 older persons reduced their food intake to the point that they experienced hunger. Yet the majority of older persons who are eligible for the Food Stamp Program fail to receive its benefits -- benefits that could help to alleviate these problems.

The FSP continues to be a well-targeted nutrition program designed to help eligible recipients maintain a healthy diet. The primary households served are those with children under age 17, older persons and persons with disabilities. A 2000 Department of Agriculture report on characteristics of FSP households notes that over half of recipients are children. Twenty percent of participating households contain seniors, while 27% contain disabled individuals.

The USDA report affirms that the program continues to focus on supplementing food purchases among the poorest in our society. It notes that even if the cash value of FSP benefits were added to the gross income of beneficiary households, only about 17% of them would move from below half the poverty line to above half the poverty line. Only 7% would move out of poverty. As intended, the program is genuinely responsive to changes precipitated by economic cycles and natural emergencies.

However, the welfare reform changes of 1996 caused major reductions in participation rates that underscore the persistence of unacceptable levels of hunger and food insecurity. While participation in the FSP has declined by 34%, there has been no corresponding decrease in poverty; in fact, the number of persons in poverty and without food stamps increased by over 2 million between 1996 and 1999. Despite the benefits of encouraging greater self-sufficiency, removing some actual FSP abusers and discouraging some potential abusers, changes resulting from the 1996 welfare reform laws call for reassessing its effects on FSP beneficiaries.

According to USDA estimates, only about 30 percent of eligible elderly individuals participate in the FSP -- less than half the overall participation rate of 63 percent. The aforementioned 2000 GAO report surveyed state food stamp program administrators in 51 states. Among the many reasons cited for poor participation by the elderly, officials most frequently reported that the burdensome application process can outweigh the expected benefit for some older persons. For example, the GAO examined one application form in which the food stamp section alone was 15 pages long.

The level of need among households with children is clearly greater than among other population groups, and AARP strongly supports legislative and administrative strategies to address that need. It is a fact, however, that many who are eligible for food stamps, but not receiving benefits, are older individuals. While most of my remarks will focus on the older constituency, they should not be construed as suggesting that AARP endorses or supports benefits for any eligible population at the expense of another.

While there are numerous issues that deserve attention, AARP will limit today's remarks to three general areas of need:

- Improving access to Food Stamp information and simplifying the FSP application;
- Increasing the minimum FSP benefit; and
- Providing child-only FSP benefits for children under non-parental care.

Improving Access To Food Stamp Information And Simplifying The FSP Application

The FSP has always played the primary role in providing nutrition assistance to, and maintaining an adequate diet among, eligible households suffering from hunger and food insecurity. Not surprisingly, the problems of hunger and food insecurity are most severe among people with low incomes, people in poor health and minorities. Older persons are significantly represented in each of these categories. A recent AARP Public Policy Institute Issue Brief, *'The Food Stamp Program and Older Americans,'* noted that the participation rate among older persons was a very low 30% of eligible households in 1998 compared to 69% for children. It further noted that the participation rate among eligible children had declined sharply from 86% in 1994 as a result of welfare reform. Studies show that the primary reason for low participation among seniors is their belief that they are ineligible. In contrast, lower participation among children results from the combined effects of policy changes and inadequate information available to heads of households, since children do not make these decisions. *AARP urges Congress to increase FSP authorization levels, recipient benefits and outreach efforts to ensure nutritional adequacy for all of the nation's vulnerable poor.*

Many eligible households do not seek FSP or other public assistance benefits because of the immense complexity and volume of associated paperwork. But were the paperwork not an issue, the rules that govern processing of applications would still create barriers to participation by eligible households. A case in point pertains to the definition of "household." Households -- not individuals -- receive food stamps. Current regulations that define what constitutes a "household" eligible for food stamps can have the effect of discriminating against extended families that live together out of economic necessity. For instance, two widowed sisters with low incomes who share a home and purchase and prepare their food together are considered one household. Because the Food Stamp Program considers their combined incomes when determining eligibility for benefits, they may have difficulty qualifying for food stamps or may receive less in benefits than if they lived separately.

In some states, federal guidelines defining “household” have been misinterpreted to deny food stamps to eligible persons. More direct barriers to adequate assistance result when the definition of household limits available benefits based on the number of children rather than need. *AARP urges making statutory changes in the FSP definition of “household” so that eligible families and extended families more easily qualify for and receive adequate benefits.*

The recent changes in federal provisions for the FSP also affected administration of the program by the states. In the past, Congress established a number of program administration requirements to facilitate access to the Food Stamp Program by older people and people with disabilities. The 1996 welfare reform law repealed several of these requirements. States are permitted, but no longer required, to conduct telephone interviews or home visits instead of in-person interviews, to take applications over the phone or by mail, and to issue food stamps by mail in rural areas. Under the 1996 welfare reform law, each state is directed to establish procedures governing the operation of food stamp offices that the state determines will best serve households, including those with special needs. States should use their flexibility to encourage rather than discourage participation by eligible households. Important areas to be addressed might include the environment established within FSP offices (e.g., quality of client service), the application process, assistance to applicants and ultimately the manner in which benefits are delivered.

Electronic benefits transfer (EBT) cards provided for receipt of payments offer still another example of participation barriers. EBT systems provide a food stamp “debit card” that is used in lieu of paper coupons. While such debit systems have some potential for reducing food stamp theft, they also pose many potential problems for beneficiaries. For example, consumer choice of retail outlets may be reduced because stores are not required to install EBT terminals. While these terminals are common in major supermarkets, they may be less accessible in smaller stores. In addition, food stamp recipients could be stigmatized because retailers are allowed to segregate them into special lines equipped with the EBT terminals.

Unfortunately, the evaluation of EBT pilot projects inadequately sampled older participants, which is particularly important because many older individuals are reluctant to use unfamiliar technology. Recipient disabilities, recipient difficulty with technology, and the limitations EBT cards can impose on the choice of retailers in many areas – all of these can impede access to the program. While we hope that the barriers presented by these cards will eventually disappear, steps can be taken now to reduce them. *AARP believes that implementation of electronic benefit transfer systems should be flexible to accommodate the special circumstances of beneficiaries who are elderly, have disabilities, or live in rural or inner-city areas that are served by participating institutions.* Federal law requires that states issue food stamp benefits through EBT systems by October 1, 2002, unless the hardships involved with implementation qualify the state to obtain a waiver.

Increasing The Minimum FSP Benefit

Food stamp benefits are based on a formula called the Thrifty Food Plan (TFP). Because the TFP has been artificially constrained to reduce its cost, food stamp benefit levels have shrunk relative to actual food costs for nearly all low-income households. For fiscal year

2001, the maximum monthly food stamp benefit for a single person is \$130. *AARP urges that the Thrifty Food Plan be revised to account more accurately for the actual food costs of low-income households.*

The minimum food stamp benefit, currently \$10 a month, helps make program participation available to one- and two-person households with incomes just above the poverty guidelines. As part of welfare reform, Congress repealed a scheduled increase to \$15 and indexing of the minimum benefit before that increase took effect. This loss of increased benefits particularly affects older people because more than half (57 percent) of the households that receive the minimum benefit include an individual over age 60.

Among the 1.7 million older individuals who received food stamp benefits in 1999, the average household benefit level was \$61 a month. Twenty-eight percent of elderly food stamp households (those containing a member age 60+) received the program's minimum benefit of \$10 per month. The current \$10 minimum benefit has not been adjusted for inflation since 1977 although food prices have increased over 150%. Further, the minimum benefit amount is so meager as to discourage many eligible individuals from applying for benefits or re-certifying their eligibility for benefits. In extremely rural areas, this effort can impose significant hardship, especially considering transportation costs and the limited transportation alternatives. One solution AARP has recommended is permitting households eligible for minimum benefits to receive them in quarterly installments rather than traditional monthly allotments.

In the 2000 GAO report on options for improving nutrition assistance for older persons, nearly all of the state food stamp directors endorsed increasing the minimum benefit level from \$10 to \$25 per month. Of the 50 respondents to this question, 94 percent said that this change should be a high priority. *AARP strongly believes that Congress should increase the minimum FSP benefit and restore indexing of the minimum benefit to inflation.*

Separating FSP Households For Children Under Non-Parental Care

The final topic we would like to address specifically concerns children raised by grandparents or other family caregivers. This is a growing financial concern, especially for those on very limited incomes. Maternal grandmothers, in particular, are playing an increasingly important role in family well-being, especially in poor and working-poor families. The Census Bureau estimates that in 1997 there were approximately 792,000 households in which grandparents were raising grandchildren with neither parent present. According to an earlier Census report, the median age of grandparents raising grandchildren is 57. The median age of grandparent caregivers age 65 and older is 70, a group that accounts for 23 percent of grandparent caregivers. The majority of grandparent caregivers (68 percent) are white, while 29 percent are black. Twenty-seven percent of mid-life and older grandparent caregivers live at or below the poverty level; another 14 percent live between 100 percent and 150 percent of the poverty level.

Current food stamp rules make it difficult for grandparents and other caregiver-relatives to obtain food stamps on behalf of children in their care. Children who are younger than 18 and under the control of an adult who is not their parent are automatically treated as a member of that adult's

household. No one in a household can qualify for food stamps unless *all* members of the household.